

**BellSouth D.C., Inc.**  
Suite 900  
1133 21st Street, N.W.  
Washington, D.C. 20031-3351

mary.henze@bellsouth.com

**Mary L. Henze**  
Assistant Vice President  
Federal Regulatory

202 463 4109  
Fax 202 463 4631

February 1, 2005

Ms. Marlene Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, TW-A325  
Washington, DC 20554

***Re: Presubscribed Interexchange Carrier Charges, CC Dkt. 02-53***

Dear Ms. Dortch,

On February 1, 2005, the undersigned, John Ruscilli, and Steve Inman of BellSouth met with Judy Nitsche, Alvaro Gonzalez, Jennifer McKee, and Vienna Jordan of the Wireline Competition Bureau. The purpose of the meeting was to discuss consumer issues associated with PIC changes and the potential impact of implementing a bifurcated PIC change charge. All material used during the meeting is attached.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions regarding this filing please do not hesitate to contact me.

Sincerely,



Mary L. Henze

cc: J. Nitsche  
A. Gonzalez  
J. McKee  
V. Jordan



# End Users and the PIC-Change Charge

CC Docket No. 02-53

BellSouth Telecommunications, February 1, 2005

# >> How End Users Make PIC Changes

- End Users have Two Methods to Make a PIC Change
  - Call Local Exchange Carrier
  - Call Prospective LD Carrier
- End User Calls the LEC
  - Service Representative Processes Request
  - Advises the Customer of the Change and Charge
    - This is a Manual Process
- Calls between End User and IXC
  - IXC Processes the Request
  - Transmits the Request to the LEC
    - Mechanized Transmission
    - Manual Transmission

## >> Trend of Manual vs. Mechanized PIC Changes

- The BellSouth trend in PIC changes shows an increase in the use of manual changes:

|      | Manual | Mechanized |
|------|--------|------------|
| 2001 | 34%    | 66%        |
| 2002 | 57%    | 43%        |
| 2003 | 68%    | 32%        |
| 2004 | 79%    | 21%        |

- Potential causes of trend are both end user and carrier related

# >> End User Options

- End User Preference
  - May Call LEC since PIC Change may be one of many items the customer desires to perform on their account
  - May Call IXC or LEC if only changing PIC
- End User Awareness
  - End users currently cannot obtain a mechanized PIC change directly from BellSouth
    - May have to make a second call to the IXC
  - Not all IXCs utilize the mechanized system
    - May refer the end user back to the LEC
- These various options may lead to end user confusion if the charge is bifurcated

## >> Potential Impact of Bifurcated Charge

- Current BellSouth PIC Charge is \$3.07
- Manual charge vs. Mechanized charge.
  - BellSouth's cost study data:
    - Manual charge \$4.79
    - Mechanized charge \$1.09
  - These charges do not include any additional costs incurred by implementing a bifurcated charge.
- Based on 2004 estimates, up to 79% of BellSouth customers would have paid more for PIC changes if charge had been bifurcated.
  - The cost to those end users would be approximately \$9.2 million.



## Conclusion: Bifurcation of PIC Change Charge May Not Benefit Consumers

- Bifurcation of the PIC-change could cause end user confusion and may increase the time it takes for them to effect a PIC change.
- Bifurcation would increase the cost of making a PIC change for the majority of BellSouth end users.
  - The cost of a manual charge would be significantly higher than a single charge.
  - Many end users will continue to call LEC, resulting in more expensive manual charge.
  - End users often do not have ability to choose how PIC change is made.
- Encouraging mechanization is a reasonable goal, however, a bifurcated charge may lead to more customer confusion and higher costs for many end users.